

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JAMES A. TORCHIA, CREDIT
NATION CAPITAL, LLC, CREDIT
NATION ACCEPTANCE, LLC,
CREDIT NATION AUTO SALES,
LLC, AMERICAN MOTOR CREDIT
LLC, AND SPAGHETTI JUNCTION,
LLC,

Defendants.

Civil Action File No.
1:15-cv-3904-ELR

**QUARTERLY STATUS REPORT OF RECEIVER FOR
JULY 1, 2019 THROUGH SEPTEMBER 30, 2019**

Pursuant to the Opinion and Order (the “Order”) entered on April 25, 2016, this Court appointed Al Hill as Receiver for James A. Torchia, Credit Nation Capital, LLC (“CNC”), Credit Nation Acceptance, LLC, Credit Nation Auto Sales, LLC, American Motor Credit, LLC (“AMC”), and Spaghetti Junction, LLC (collectively, the “Defendants” and, excluding Mr. Torchia, the “Companies”). A subsequent Opinion and Order issued by the Court on October 25, 2016, added River Green Capital, LLC (“River Green”) and National Viatical, Inc. and National Viatical Trust

(collectively, “NVI”) to the Receivership. The Order requires the Receiver to file and serve a full report and accounting of the Defendants’ assets entitled “Quarterly Status Report” within thirty (30) days after the end of each calendar quarter. This is the Receiver’s Quarterly Status Report for the calendar quarter ending September 30, 2019. For an overview of the history of the Receivership, including details of its past operations and investments, investors should visit the Receivership’s website at www.cncreceiver.com.

I. Overview – As previously reported, Judge Ross has appointed Magistrate Judge Bly as Special Master to handle all Credit Nation matters, including the Receivership. As of the date of this report, Judge Bly has held an initial status conference with the parties in the case and is prepared to address pending motions. As a result, the Receiver is optimistic that the litigation in which the Receivership is involved will soon be moving forward so that the remaining Receivership assets may be distributed.

As of the end of the third quarter of 2019, the Receivership has substantially completed liquidation of all assets at each of the three operating entities – CNC, RG and NVI. There are only five remaining life settlement/viatical policies among the three entities, one of which has matured after the end of the third quarter. The remaining four policies are being held

to maturity or have issues that need to be addressed. Other than management of these few policies, the Receiver's primary activity at this point is ongoing litigation involving claims against CNC, claims the Receiver asserted against an individual who received transfers of money and insurance policies from CNC and NVI, and claims against two persons who formerly sold promissory notes and viatical policies for CNC.

At this point, the Receiver's objective is to minimize ongoing costs of continuing the Receivership and to get distributions to the investors as quickly as possible. To that end, it is the Receiver's intention to file, for each Receivership entity, a motion to terminate the Receivership as its remaining assets are monetized and once all litigation ends. The details with respect to each entity are set forth below.

II. Credit Nation Capital – This section of this Quarterly Status Report covers the status of CNC only.¹ The status and operations of River Green and NVI are covered in Parts II and III, respectively, of this report.

¹ The other CNC-related entities, Credit Nation Auto Sales, LLC, AMC and Spaghetti Junction, LLC, are not in operation. All known assets of these entities have been consolidated into CNC.

A. Overview

During the third calendar quarter of 2019, the Receivership continued to manage the ongoing litigation while actively managing its remaining policies. Specific activities are described below.

Policies - The only policies remaining in the portfolio as of September 30, 2019, are listed in subpart B below. Policy # 4104 (see item B below) matured before its sale could be completed. The Receiver expects to receive proceeds of \$55,000 during the fourth quarter. We are still evaluating Policy #63031, though we have been advised that the anticipated Accelerated Death Benefit provision of Policy # 63031 is not available to the Receivership.

Litigation – Most of CNC’s “clawback” litigation has been concluded. To date, clawback demands have yielded \$265,975.00 in settlement proceeds. CNC’s ongoing litigation consists of the following three matters:

- **Richard Sutherland, et al.** A group of investors appealed the district court’s pooling order [Doc. 120] and the CNC Distribution Plan Doc. 484 and 501]. Antonio Duscio, et al. v. Al Hill, et al., United States Court of Appeals for the Eleventh Circuit, Docket 17-13651-F; and Richard Sutherland et al., v. Al Hill, et al., United States Court of Appeals for the Eleventh Circuit, Docket 17-13650-F. On April 30, 2019, the appellate court found that some

of the summary procedures employed by the district court did not give the objecting direct investors sufficient opportunity to defend against the Receiver's claims to recover "fictitious profits" from them. These issues have now returned to the District Court, and the Receiver will brief the issues as the Eleventh Circuit has directed so that the District Court can rule on the recovery of fictitious profits and the value of other services from the objecting direct investors.

- **Al Hill, as Receiver for CNC vs. Antonio Duscio, et al.** This clawback action is pending in this District Court, 1:16-cv-4767-ELR. Cross motions for summary judgment were filed in September and October of 2018, and the parties await the District Court's ruling. The Receiver has been notified of a third-party claim against Mr. Duscio with respect to Policy #5209 (see Section IV.B below). The third-party claimant alleges that the policy was purchased by Mr. Duscio using funds obtained from the third party via a fraudulent scheme.

- **Al Hill, as Receiver for CNC vs. Michael Sweet, et al.** This clawback action is pending in this District Court, 1:16-cv-4770-ELR. The Receiver's motion for summary judgment has been pending since January 2, 2018.

B. Financial Status

CNC's third quarter financial results and status are summarized on the balance sheet attached as Exhibit CNC-1 (as of September 30, 2019), the Statement of Cash Flows for the third quarter attached as Exhibit CNC-2 and the income statements attached as Exhibits CNC-3 (as of September 30, 2019) and CNC-4 (from the commencement of the Receivership through September 30, 2019).

CNC's current portfolio of policies and the anticipated disposition of each policy are shown below:

| Policy | Type of Policy | Policy Death Benefit | Most Recent Life Expectancy* | Estimated Net Proceeds to Receivership | % of Death Benefit and/or Pooled by CNC | Anticipated Disposition |
|--------|----------------|----------------------|------------------------------|--|---|-------------------------|
| 4104 | Group | \$ 55,000.00 | 10 | \$ 55,000.00 | 100% | Matured |
| 63031 | Term | \$ 250,000.00 | 26 | \$ 225,000.00 | 100% | Re-evaluating |

*As of 01/24/2019

In addition to the policies, CNC had cash on hand on September 30, 2019, of \$882,170.98 after having made two distributions totaling \$9,500,000. The Receiver's fees for the quarter, including legal fees, were as follows: July 2019: \$4,665.50; August 2019: \$9,722.50; and September 2019: \$4,073.

C. Future Activities

The Receiver's cash projections for CNC's next six months of operations are set forth on Exhibit CNC-5. Actual expenditures will be largely dependent upon the results of the ongoing litigation mentioned above. Receipts are nearly complete, but

the final count will be dependent upon the disposition of Policy #63031 and any recoveries from the litigation.

Since the asset side of the ledger is nearly complete, the Receiver's focus from this point forward will be on successfully completing the ongoing litigation, after which time the Receiver will propose a final distribution in accordance with the distribution plan previously approved.

D. Recommendation

It is the recommendation of the Receiver that the CNC Receivership continue until the current litigation is completed. Once all litigation is complete, the Receiver will move for termination of the Receivership and approval of final distribution(s).

III. River Green Capital, LLC – This section of this Quarterly Status Report addresses River Green, an entity affiliated with CNC through common ownership and operation. River Green was added to the Receivership by order of the Court on October 25, 2016.

A. Overview

As reported last quarter, River Green has only a single policy – Policy #4105. This policy has a “no lapse” guarantee, so there is no cost of maintaining it, but, due to a long life expectancy and young age of the insured, it has no market value. The Receiver will seek approval from the Court prior to final disposition of this policy.

Other than Policy #4105, approximately \$18,762.70 in cash, and a receivable from First Citizens Bank for \$12,038, River Green does not have any assets, activities, employees or identified claims against third parties.

B. Financial Status

As of September 30, 2019, River Green has cash on hand of \$18,552.70. River Green's financial status as of September 30, 2019, is summarized on the Statement of Assets and Liabilities attached as Exhibit RG-1. River Green's expected cash flow for the next six months is set forth on Exhibit RG-2. The Receiver's fees for the quarter, including legal fees, were as follows: July 2019: zero; August 2019: \$1,104.50; and September 2019: \$2,391.

C. Future Activities

River Green has completed the initial cash distribution described in last quarter's report. The Receiver intends to move to distribute all remaining cash and terminate the Receivership with respect to River Green in the coming quarter.

D. Recommendation

It is the recommendation of the Receiver that the River Green Receivership continue as long as necessary to obtain Court approval of the final distribution.

IV. National Viatical, Inc. – This section of this Quarterly Status Report addresses the status of National Viatical, Inc. ("NVI") and NVT Trust

(“NVT”). NVI is an entity affiliated with CNC through common ownership and operation. NVT is a trust created to be the owner or assignor of life settlement policies purchased by NVI on behalf of the NVI investors, including promissory note holders. NVI and NVT were added to the Receivership by order of the Court on October 25, 2016.

A. Overview

As reported in the last quarterly report, the Receiver has uncovered additional liabilities, including a debt to CNC of approximately \$1 million resulting when CNC assumed certain liabilities of NVI, leaving NVI with liabilities greatly exceeding its assets, even if additional amounts are recovered pursuant to the policies described in part B below. Accordingly, the Receiver intends to ultimately file a motion with the Court to declare NVI a total loss, to transfer its remaining assets to CNC and to terminate the Receivership with respect to NVI. The Receiver has already notified the NVI investors that his plan to terminate will result in no additional monetary recoveries for said investors. NVI is a party to the lawsuit against Antonio Duscio (described above) and is asserting a claim that a life insurance policy owned by NVI was fraudulently transferred to Mr. Duscio. The NVI receivership cannot be terminated until that claim is decided..

B. Financial Status

NVI currently has potential rights in two life settlement policies, as shown on the following table:

| Policy | Policy Death Benefit | Most Recent Life Expectancy | Est. Net Proceeds to Receivership | % of Death Benefit and/or Pooled by CNC | Anticipated Disposition |
|--------|----------------------|-----------------------------|-----------------------------------|---|-------------------------|
| 5207 | \$ 180,000 | 25 | \$ 10,469.14 | 100% | Transfer to CNC |
| 5209 | \$ 1,200,000 | 2 | TBD | 100% | Transfer to CNC |

LE as of 10/30/2019

As noted above, another potential claimant to Policy #5209 has emerged. See further description under Section II.A above (litigation).

In addition to the policies described above, NVI currently has \$344,771.79 in cash, but its liabilities to CNC greatly exceed the value of its assets. NVI's financial situation as of September 30, 2019 is summarized on the Statement of Assets and Liabilities attached as Exhibit NVI-1. NVI's expected cash flow for the next six months is set forth on Exhibit NVI-2. The Receiver's fees for the quarter, including legal fees, were as follows: July 2019: \$510; August 2019: \$1,878.50; and September 2019: \$2,634.

C. Future Activities

Given the current illiquid position of NVI, the Receiver intends to move for the liquidation of NVI and termination of the Receivership as soon as the claim

described above id decided. The Receiver will keep the investors apprised of his filings for NVI via the Receivership website and direct correspondence.

D. Recommendation

It is the recommendation of the Receiver that, upon the successful conclusion of the litigation, the NVI Receivership transfer the two policies listed above to CNC in full satisfaction of the debt that NVI owes CNC and that the Receivership be terminated with respect to NVI and NVT at that time. Of course, the Receiver will seek this Court's approval before proceeding with this plan.

Respectfully submitted, this 31st day of October, 2019.

/s/ William G. Leonard
WILLIAM G. LEONARD
Georgia Bar No. 446912
bleonard@taylorenghish.com
TAYLOR ENGLISH DUMA LLP
1600 Parkwood Circle, Suite 400
Atlanta, Georgia 30339
Telephone: (770) 434-6868
Facsimile: (404) 434-7376
Attorney for Receiver Al B. Hill

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SECURITIES AND EXCHANGE
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JAMES A. TORCHIA, CREDIT
NATION CAPITAL, LLC, CREDIT
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LLC, AND SPAGHETTI JUNCTION,
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Defendants.

Civil Action File No.
1:15-cv-3904-ELR

CERTIFICATE OF SERVICE

I hereby certify that I have this day electronically filed the foregoing Quarterly Status Report of Receiver for July 1, 2019 through September 30, 2019, with the Clerk of the Court using the CM/ECF system which will automatically send e-mail notification of such filing to all attorneys of record.

This 31st day of October, 2019.

/s/ William G. Leonard

WILLIAM G. LEONARD

Georgia Bar No. 446912

bleonard@taylorenglish.com

EXHIBIT CNC – 1

Balance Sheet**Credit Nation Capital**

September 30, 2019

Assets**Current Assets**

| | | |
|---------------------------------|-----------|---------------------|
| Cash | \$ | 882,170.98 |
| Accounts receivable | \$ | 394,262.47 |
| Policies Pooled by Receivership | \$ | 13,640.10 |
| Total | \$ | 1,290,073.55 |

Fixed Assets

| | | |
|-----------------------|-----------|-------------------|
| Policies Wholly Owned | \$ | 127,893.02 |
| Total | \$ | 127,893.02 |

| | | |
|---------------------|-----------|---------------------|
| Total Assets | \$ | 1,417,966.57 |
|---------------------|-----------|---------------------|

Liabilities**Current Liabilities**

| | | |
|---------------------------------------|-----------|----------------------|
| Accounts Payable - Trade Creditors | \$ | 477,309.27 |
| Escrow of Sixes Tavern Proceeds | \$ | 55,129.54 |
| Investor Notes Payable (under 1 year) | \$ | 5,766,922.37 |
| Liability Subject to Compromise | \$ | 12,508,928.61 |
| Total | \$ | 18,808,289.79 |

Long-term Liabilities

| | | |
|------------------------|-----------|----------------------|
| Notes Payable (over 1) | \$ | 33,223,108.64 |
| Total | \$ | 33,223,108.64 |

| | | |
|--------------------------|-----------|----------------------|
| Total Liabilities | \$ | 52,031,398.43 |
|--------------------------|-----------|----------------------|

Equity

| | | |
|--------------|--|--------------------------|
| Total | | (\$50,613,431.86) |
|--------------|--|--------------------------|

| | | |
|---|-----------|---------------------|
| Total Liabilities & Stockholder Equity | \$ | 1,417,966.57 |
|---|-----------|---------------------|

EXHIBIT CNC-2**Statement of Cash Flows****Credit Nation Capital**

07/01/2019 - 09/30/2019

Operating Activities

| | |
|---|-----------------------|
| Net Income - CNC | \$ (49,114.42) |
| Payroll Expenses & Tax Liabilities | \$ 861.60 |
| Net cash provided by Operating Activities: | \$ (48,252.82) |

Investing Activities

| | |
|---|-------------|
| Sale or Maturity of Policies | |
| Net cash provided by Investing Activities: | \$ - |

FINANCING ACTIVITIES

| | |
|---|----------------------|
| Net cash provided by Financing Activities: | \$ - |
| Net cash increase for period - CNC | \$ (48,252.82) |
| Cash at beginning of period - CNC | \$ 930,423.80 |
| Cash At End of Period | \$ 882,170.98 |

EXHIBIT CNC-3**Income Statement****Credit Nation Capital**

July through September 2019

Ordinary Income/Expense

| | |
|------------------------------|-----------------------|
| Income | |
| Life Settlement Sales | \$ - |
| Total Income | \$ - |
| Gross Profit | \$ - |
| Expense | |
| Bank Service Charges | \$ 107.97 |
| Computer & Internet Expenses | \$ 360.00 |
| Insurance Expense | \$ - |
| Payroll Expense | \$ 861.60 |
| Professional Fees | \$ 47,801.20 |
| Total Expense | \$ 49,130.77 |
| Net Ordinary Income | \$ (49,130.77) |
| Other Income/Expense | |
| Income | |
| Interest Income - Bank | \$ 16.35 |
| Total Other Income | \$ 16.35 |
| Net Income | \$ (49,114.42) |

EXHIBIT CNC-4**Income Statement****Credit Nation Capital**

April 26, 2016 - June 30, 2019

Ordinary Income/Expense

| | |
|--|--------------------------|
| Income | |
| Clawback Settlements & Mgmt Fees | \$ 298,835.76 |
| Life Settlement Maturity | \$ 1,770,818.24 |
| Life Settlement Sale - Whole* | \$ (779,189.53) |
| Pooled Asset Income - Debt Forgiveness | \$ 77,141.63 |
| Sales Not Recognized - Post 2015 | \$ 1,236,488.54 |
| Sales Recognized - Prior to 2015 | \$ (323,799.11) |
| Total Income | \$ 2,280,295.53 |
| Gross Profit | \$ 2,280,295.53 |
| Expense | |
| Advertising & Marketing** | \$ 26,500.00 |
| Bad Debt Expense | \$ 4,713,479.97 |
| Bank Service Charges | \$ 2,337.11 |
| Computer & Internet Expenses | \$ 33,818.05 |
| Copier Expense | \$ 5,580.90 |
| Distribution to Policy Investor | \$ 1,206,985.52 |
| Insurance Expense | \$ 82,407.66 |
| Investor Fees | \$ 1,265.00 |
| Legal Expenses | \$ 30,587.36 |
| Loss on Policy | \$ 2,247,668.52 |
| Marketing Reps | \$ 3,616.67 |
| Office Cleaning | \$ 275.00 |
| Office Security** | \$ 1,363.10 |
| Office Supplies** | \$ (8,161.61) |
| Payroll Expenses | \$ 385,132.59 |
| Postage & Mailing | \$ 3,399.26 |
| Premium Expense | \$ 170,773.53 |
| Professional Fees** | \$ 2,584,441.57 |
| Rent Expense** | \$ 159,606.78 |
| Taxes | \$ (3,810.87) |
| Telephone Expenses | \$ 3,177.47 |
| Tracking Expenses | \$ 38,013.98 |
| Travel Expense | \$ 3,414.61 |
| Utilities | \$ 10,262.83 |
| Total Expense | \$ 11,702,135.00 |
| Other Income/Expense | |
| Income | |
| Interest Income - Bank | \$ 739.21 |
| Net Income | \$ (9,421,100.26) |

*Loss calculated upon recording creditor liability against previously recorded sales income.

**Includes distribution payments to trade creditors.

EXHIBIT CNC-5**Cash Flow Projection**

Receivership of Credit Nation Capital, LLC

July - December 2019

| | July-19 | August-19 | September-19 | October-19 | November-19 | December-19 |
|---|------------|------------|--------------|--------------|--------------|--------------|
| 1. Cash On Hand - Beginning of Month | \$ 930,424 | \$ 917,904 | \$ 894,384 | \$ 917,064 | \$ 1,266,744 | \$ 1,254,424 |
| 2. Cash Receipts | | | | | | |
| Accounts Receivable | \$ - | \$ - | \$ - | \$ 362,000 | \$ - | \$ - |
| Clawback Settlements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Policy Claim Payments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Policy Sales | \$ - | \$ - | \$ 35,000 | \$ - | \$ - | \$ - |
| 3. Total Cash Receipts | \$ - | \$ - | \$ 35,000 | \$ 362,000 | \$ - | \$ - |
| 4. Total Cash Available | \$ 930,424 | \$ 917,904 | \$ 929,384 | \$ 1,279,064 | \$ 1,266,744 | \$ 1,254,424 |
| 5. Cash Paid Out | | | | | | |
| Commission on Policy Sale | \$ - | \$ 3,500 | \$ - | \$ - | \$ - | \$ - |
| Computer and Internet | \$ 170 | \$ 170 | \$ 170 | \$ 170 | \$ 170 | \$ 170 |
| Distribution to Direct Investors | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Distribution to Pooled Creditors | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Payroll Expenses | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 |
| Premium Expense | \$ - | \$ 7,500 | \$ - | \$ - | \$ - | \$ - |
| Professional Fees | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Supplies & Postage | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| Tracking Expenses | \$ 250 | \$ 250 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| 6. Total Cash Paid Out | \$ 12,520 | \$ 23,520 | \$ 12,320 | \$ 12,320 | \$ 12,320 | \$ 12,320 |
| 7. Cash Position - End of Month | \$ 917,904 | \$ 894,384 | \$ 917,064 | \$ 1,266,744 | \$ 1,254,424 | \$ 1,242,104 |

EXHIBIT CNC-6

Cash Flow Projection

Receivership of Credit Nation Capital, LLC

July - December 2019

| | October-19 | November-19 | December-19 | January-20 | February-20 | March-20 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| 1. Cash On Hand - Beginning of Month | \$ 882,171 | \$ 1,232,901 | \$ 1,276,631 | \$ 1,265,361 | \$ 1,617,415 | \$ 1,661,145 |
| 2. Cash Receipts | | | | | | |
| Accounts Receivable | \$ 362,000 | \$ - | \$ - | \$ 363,324 | \$ - | \$ - |
| Clawback Settlements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Policy Claim Payments | \$ - | \$ 55,000 | \$ - | \$ - | \$ 55,000 | \$ - |
| Policy Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3. Total Cash Receipts | \$ 362,000 | \$ 55,000 | \$ - | \$ 363,324 | \$ 55,000 | \$ - |
| 4. Total Cash Available | \$ 1,244,171 | \$ 1,287,901 | \$ 1,276,631 | \$ 1,628,685 | \$ 1,672,415 | \$ 1,661,145 |
| 5. Cash Paid Out | | | | | | |
| Commission on Policy Sale | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Computer and Internet | \$ 120 | \$ 120 | \$ 120 | \$ 120 | \$ 120 | \$ 120 |
| Distribution to Direct Investors | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Distribution to Pooled Creditors | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross Payroll Expenses | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 |
| Premium Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional Fees | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 |
| Supplies & Postage | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 | \$ 100 |
| Tracking Expenses | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 | \$ 50 |
| 6. Total Cash Paid Out | \$ 11,270 | \$ 11,270 | \$ 11,270 | \$ 11,270 | \$ 11,270 | \$ 11,270 |
| 7. Cash Position - End of Month | \$ 1,232,901 | \$ 1,276,631 | \$ 1,265,361 | \$ 1,617,415 | \$ 1,661,145 | \$ 1,649,875 |

EXHIBIT RG-1

Statement of Assets and Liabilities

River Green

As of 09/31/2019

Assets

| | | |
|--------------------------------|-----------|------------------|
| Cash | \$ | 18,552.70 |
| Receivable from First Citizens | \$ | 12,038.36 |
| Total | \$ | 30,591.06 |

Liabilities

| | | |
|------------------|-----------|---------------------|
| Creditors | \$ | 5,157,949.13 |
| Accounts Payable | \$ | 28,389.47 |
| Total | \$ | 5,186,338.60 |

EXHIBIT RG-2

Cash Flow Projection

Receivership of River Green Capital, LLC

July - December 2019

| | July-19 | August-19 | September-19 | October-19 | November-19 | December-19 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1. Cash On Hand | \$18,762.70 | \$17,692.70 | \$ 28,661.06 | \$27,591.06 | \$ 26,521.06 | \$ 25,451.06 |
| 2. Cash Receipts | | | | | | |
| Policy Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Receivable | \$ - | \$ 12,038.36 | \$ - | \$ - | \$ - | \$ - |
| 3. Total Cash Receipts | \$ - | \$12,038.36 | \$ - | \$ - | \$ - | \$ - |
| 4. Total Cash Available | \$18,762.70 | \$29,731.06 | \$ 28,661.06 | \$27,591.06 | \$ 26,521.06 | \$ 25,451.06 |
| 5. Cash Paid Out | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,381.06 |
| Bank Service Charges | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 |
| Distribution to Creditors | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Premium Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional Fees | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 |
| 6. Total Cash Paid Out | \$ 1,070.00 | \$ 1,070.00 | \$ 1,070.00 | \$ 1,070.00 | \$ 1,070.00 | \$ 25,451.06 |
| 7. Cash Position | \$ 17,692.70 | \$ 28,661.06 | \$ 27,591.06 | \$ 26,521.06 | \$ 25,451.06 | \$ - |

EXHIBIT NVI-1**Statement of Assets and Liabilities****National Viatical, Inc.***As of 09/30/2019***Assets**

| | | |
|--------------|-----------|-------------------|
| Cash | \$ | 344,771.79 |
| LS Policies* | \$ | 652,789.11 |
| Total | \$ | 997,560.90 |

Liabilities

| | | |
|----------------|-----------|---------------------|
| Notes Payable | \$ | 386,176.18 |
| LS Investors | \$ | 1,567,123.39 |
| Payable to CNC | \$ | 2,207,199.33 |
| Total | \$ | 4,160,498.90 |

**Proposed transfer to CNC for excess liabilities owed.*

EXHIBIT NVI-2**Cash Flow Projection**

Receivership of National Viatical, Inc.
July - December 2019

| | July-19 | August-19 | September-19 | October-19 | November-19 | December-19 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 1. Cash On Hand - Beginning of the Month | \$344,911.79 | \$342,841.79 | \$ 340,771.79 | \$338,701.79 | \$ 336,631.79 | \$ 334,561.79 |
| 2. Cash Receipts | | | | | | |
| Policy Sales | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Policy Claim Payments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Policy Surrenders | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3. Total Cash Receipts | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4. Total Cash Available | \$344,911.79 | \$342,841.79 | \$ 340,771.79 | \$338,701.79 | \$ 336,631.79 | \$ 334,561.79 |
| 5. Cash Paid Out | | | | | | |
| Premium Expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Payout to Direct Investor | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Professional Fees | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 | \$ 2,000.00 |
| Bank Fees | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 | \$ 70.00 |
| Accounts Payable - CNC | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 332,491.79 |
| 6. Total Cash Paid Out | \$ 2,070.00 | \$ 2,070.00 | \$ 2,070.00 | \$ 2,070.00 | \$ 2,070.00 | \$ 334,561.79 |
| 7. Cash Position | \$ 342,841.79 | \$ 340,771.79 | \$ 338,701.79 | \$ 336,631.79 | \$ 334,561.79 | \$ - |